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**BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Bear Valley Electric Service,
Inc. (U 913 E) for Authorization to Recover
Costs Related to 2019 Winter Storm and
Recorded in Its Catastrophic Event
Memorandum Account

Application No. _____

**APPLICATION OF BEAR VALLEY ELECTRIC SERVICE, INC. (U 913 E) FOR
AUTHORIZATION TO RECOVER COSTS RELATED TO
A 2019 WINTER STORM AND RECORDED IN ITS
CATASTROPHIC EVENT MEMORANDUM ACCOUNT**

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October 22, 2021

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I. INTRODUCTION

Pursuant to Sections 454.9 of the California Public Utilities Code, California Public Utilities Commission (“CPUC” or “Commission”) Resolution E-3238, Article 2 and Rule 3.2 of the Commission’s Rules of Practice and Procedure, and D.21-05-006, Bear Valley Electric Service, Inc. (“BVES” or “Bear Valley”) submits this Application for Commission authority to recover in rates \$437,842 (plus accrued interest of \$9,808) of costs recorded in its Catastrophic Event Memorandum Account related to a winter storm that caused substantial damage and loss of service in the winter of 2019. These costs are incremental costs, are not being recovered in current general rate case (“GRC”) rates and are not otherwise recoverable via any other rate mechanism.

II. STATEMENT OF RELIEF SOUGHT

Through this Application and supporting testimony, BVES requests Commission authorization to 1) recover \$437,842 of expensed costs booked into its Catastrophic Event Memorandum Account with respect to a winter storm in 2019; 2) recover accrued interest of \$9,808 as of September 2021; 3) recover authorized costs over a twelve-month period through imposition of a non-CARE surcharge of

\$0.00301/kWh and a CARE surcharge of \$0.00241/kWh, and 4) adjust Bear Valley's Base Revenue Requirement Balancing Account to reflect any over- or under-recovery of authorized CEMA costs.

III. OVERVIEW OF APPLICATION

A. The 2019 Winter Storm.

In February of 2019, an unusual and catastrophic winter storm unexpectedly hit numerous California counties. This extraordinarily powerful winter storm struck the service territory of Bear Valley beginning early on February 14, 2019 ("2019 Winter Storm") with high winds and unusually large amounts of precipitation. As a direct result of the 2019 Winter Storm, BVES suffered extraordinary damage to its equipment and distribution lines resulting in service outages to many of its customers.

As a result of this storm, on February 21, 2019, California Governor Gavin Newsom issued a State of Emergency Proclamation for a number of California counties, including San Bernardino County. Bear Valley's service territory is located within San Bernardino County, California.

B. 2019 CEMA Established

On March 1, 2019, in compliance with Commission Resolution No. E-3238, BVES notified the Commission's Executive Director and the Director of the Energy Division via Advice Letter 361-E that BVES was activating its Catastrophic Event Memorandum Account ("CEMA") for the 2019 Winter Storm ("2019 CEMA"). The purpose of the 2019 CEMA is to record incremental costs associated with: 1) restoring utility services; 2) repairing, replacing, or restoring damaged utility facilities; and 3) complying with governmental agency orders in connection with events declared disasters, all with respect of the 2019 Winter Storm. In a letter dated April 5, 2019, from the Deputy Executive Director for Energy and Climate Policy, Advice Letter 361-E was approved effective January 5, 2019.

C. Prior CEMA Application

In March of 2020, BVES filed Application A.20-04-001 for approval of costs recorded in the 2019 CEMA and recovery of such costs via a rate surcharge ("Prior CEMA Application"). The Commission resolved A.20-04-001 through the issuance of D.21-05-006 where the Commission found, among other things:

1. The disaster declaration issued by Governor Newsome constitutes events declared to be a disaster by competent state or federal authorities for the purposes of Section 454.9 of the California Public Utilities Code.¹
2. Bear Valley properly and timely established a CEMA for the 2019 Winter Storm in accordance with Section 454.9 and Resolution E-3238.²
3. California Public Advocates Office had audited the \$444,842 that Bear Valley had booked into its 2019 CEMA associated with the 2019 Winter Storm and found the costs valid and supported with appropriate documentation.³

D. Prior Decision Denied CEMA Recovery Due to Failure to Prove Costs Incremental; Authorized New Application On Issue of Incremental Costs.

In D.21-05-006, the Commission concluded that Bear Valley had met all but one key criterion to approve its request to recover costs from the 2019 Winter Storm, stating that while the 2019 CEMA costs were reasonable, Bear Valley failed to meet its burden of proof that the 2019 CEMA costs were incremental.⁴ The Commission denied the Prior CEMA Application,⁵ but authorized the filing of a new application by Bear Valley to address the sole outstanding issue of incrementality if BVES wished to pursue recovery of 2019 CEMA costs.⁶ This Application is in compliance with the Commission's directive in D.21-05-006.

E. 2019 CEMA Costs Are Incremental

The Commission concluded in D.21-05-006 that the \$444,842 booked in the 2019 CEMA were reasonable, but BVES failed to prove those costs were incremental. The testimony will show that of the total of \$444,842 booked into the 2019 CEMA and previously found reasonable, \$437,842 of those costs are incremental costs. In this Application, BVES reduced the \$444,842 of previously reviewed costs in D.21-05-006 by \$7,000 to avoid any possibility of double collection of the same costs .

¹ D.21-05-006, Conclusions of Law #1 at p. 22.

² *Id.*, Conclusions of Law #3 at p. 23.

³ *Id.*, Findings of Fact #9 at p. 21.

⁴ *Id.* at p. 2.

⁵ *Id.*, Ordering Paragraph #1 at p. 24.

⁶ *Id.*, Conclusions of Law #10 at p. 23.

F. BVES Seeks Recovery of Accrued Interest, Authority to Implement an Energy Surcharge, and Authority to Adjust Balancing Account to Address Any Over- or Under-Collection of Revenues.

In addition to seeking authorization to recover \$437,842 of incremental costs booked into the 2019 CEMA, BVES also seeks authorization to: i) recover accrued interest in the amount of \$9,808 as of September 2021, ii) recover authorized costs over a twelve-month period through the imposition of a non-CARE surcharge of \$0.00301/kWh and a CARE surcharge of \$0.00241/kWh, and iii) adjust Bear Valley's Base Revenue Requirement Balancing Account to reflect any over- or under-recovery of 2019 CEMA costs and accrued interest, and authority to close the 2019 CEMA following such adjustment to the Account.

IV SUMMARY OF TESTIMONY

Bear Valley's testimony submitted in support of this Application is comprised of a single exhibit, proposed to be identified as Exhibit No. BVES-001. It includes testimony as summarized below.

A. BVES Response to 2019 Winter Storm

The testimony will show not only the ferociousness of the 2019 Winter Storm, but also the extraordinary, round-the-clock efforts of BVES and third-party crews, as well as BVES administrative staff, to repair the damages suffered to Bear Valley's system and restore service to BVES customers.

B. Types of Costs Booked into 2019 CEMA

The testimony will describe the types of costs booked into the 2019 CEMA, including the following:

- Costs of emergency crane contract services to assist in repairing and replacing poles;
- Costs of contract electrical line crews to provide additional linemen and equipment to assist BVES crews in restoring service to customers and repairing damaged or downed poles and equipment;

- Costs of contract emergency construction crews to assist in restoration activities such as digging holes for replacement poles and creating berms to divert flooding that hindered restoring service to customers and repairing damaged or downed poles and equipment;
- Costs of contract tree trimming crews to provide emergency tree and branch removal to facilitate restoration of service and repair of damaged or downed poles and equipment;
- Costs of BVES line crews working double-time to restore service and repair damaged or downed poles and equipment;
- Costs of BVES administrative and operations non-exempt staff working overtime to manage customer emergency calls; and
- Costs of BVES non-exempt engineering staff working overtime to provide technical assistance to line crews in the field restoring service to customers and repairing damaged or downed poles and equipment.

The testimony will list the types of costs and providers recorded in the 2019 CEMA into five broad categories as follows:

Type of Costs	Provider	Amount
BVES Labor OT	BVES	\$166,593
Line Crews	Outsource Utility Contractor	222,497
Tree Removal	Mowbray's Tree Service	52,337
Construction Services	Bear Valley Paving	1,915
Crane Service	Action Response Team	1,500
	Total	\$444,842⁷

C. Basis for Costs To Be Found Incremental

To be recoverable, the costs booked into the 2019 CEMA must be found to be incremental to costs already in rates, avoiding double recovery of the same costs. Resolution E-3238 provides the primary background and legal basis for recovery of CEMA-related costs. CEMA accounts are intended to ensure that all affected utilities are given the maximum incentive to restore service

⁷ This amount is later reduced by \$7,000 to avoid any possibility of double collection of the same costs.

immediately and completely after declared disasters.⁸ However, before authorizing recovery of CEMA-related costs, the Commission will examine how those costs relate to the overall costs currently authorized for these types of repairs.⁹

Resolution ESRB-4 provides additional guidance regarding incremental CEMA costs, stating that the resolution requires utilities to go above and beyond normal operating requirements, and provides for their recovery of incremental costs to address emergency conditions. It further states that the Commission will analyze the costs to determine if they are truly incremental and, consistent with Commission practice, prohibit double collection of the same costs.¹⁰

D.01-02-075 described the CEMA incrementality requirement as whether the costs for which recovery is sought are reasonable and incremental to normal facility repair activities.¹¹

D. Storm Repair Costs Incorporated Into BVES Rates

BVES Internal Overtime Labor. The testimony will show that BVES booked \$166,593 of double-time and overtime internal labor into the 2019 CEMA. Of that total amount, \$165,620 was for BVES double-time internal labor for BVES line crews restoring service and repairing storm damage from the 2019 Storm. The remaining \$973 represents overtime costs for non-exempt BVES engineering staff providing technical assistance to field crews restoring service, and overtime costs for BVES non-exempt administrative staff managing the response to customer inquiries. None of these costs included regular time for BVES crews or staff, as those costs are already recovered in GRC rates.

Operations and maintenance (“O&M”) double-time for BVES crews is tracked by Bear Valley’s accounting system. The vast majority of the amount of O&M double-time costs is for emergency system repair and service restoration resulting from storms or other weather-related causes. Based upon the O&M double-time incurred for the years 2010 through 2016 (the period of time used to forecast costs for Bear Valley’s most recent GRC), the amount of O&M double-time costs for storm-related repairs included in Bear Valley’s GRC rates is \$241,041 annually.

⁸ Resolution E-3238 at p. 2.

⁹ *Id.* at p. 12.

¹⁰ Resolution ESRB-4 at pp. 10-11.

¹¹ D.01-02-075 at p. 13.

Since Bear Valley incurred \$360,393 in O&M double-time costs in 2019, which exceeds the \$241,041 of O&M double-time costs in 2019 rates, the \$165,620 of double-time labor costs (\$166,593-\$973 = \$165,620) recorded in the 2019 CEMA are incremental and subject to recovery through the CEMA process.

It is very infrequent that administrative staff incurs overtime due to storms, and when that does occur, the amounts of overtime are relatively insignificant, particularly when averaged over a seven-year period (2010-2016). Therefore, BVES believes that there are no material amounts of administrative overtime costs in Bear Valley's 2019 GRC rates and the \$973 of administrative overtime costs booked into the 2019 CEMA are therefore incremental and eligible for recovery through the CEMA process.

Line Crews/Outsource Utility Contractors. The 2019 CEMA balance includes \$222,497 of costs for Outsource Utility Contractors ("Outsource"). Outsource worked alongside BVES crews in restoring service and repairing Bear Valley's electric system.

Very infrequently, it is necessary for BVES to engage third-party contractor crews to assist BVES crews with emergency restoration service and repairs. Since 2010, BVES has engaged third-party electric line crews to assist in emergency storm repairs and restoration of service three times – once in 2010, again in 2016 and most recently in 2019 with regard to the 2019 Winter Storm. The costs for third-party contractors in 2010 were \$171,030, with BVES crews incurring double-time costs of \$136,129. Through a settlement agreement, the majority of these costs were recovered through a CEMA process in D.12-06-006. Those costs were not included in costs used to forecast BVES current GRC rates.

BVES also engaged third-party contractors in 2016 to provide assistance for emergency repairs and service restoration as a result of a severe snowstorm. No CEMA account was activated, and the resulting costs of \$49,650 were expensed and included in the historical expense data used in Bear Valley's last GRC. Averaging this one-time amount of \$49,650 over the seven-year historical period of 2010-2016 results in approximately \$7,000 of third-party contractor costs for emergency repairs and service restoration in 2019 GRC rates.

Other than the third-party contractor line crew costs booked in the 2019 CEMA, no other similar costs were incurred in 2019. In order to avoid any possibility of double collection of the

same costs, BVES has deducted \$7,000 from the amount of costs it seeks to recover. As a result, \$215,497 ($\$222,497 - \$7,000 = \$215,497$) of third-party line crew costs booked into the 2019 CEMA are incremental and there is no double recovery of the same costs.

As indicated above, a corresponding deduction of \$7,000 was made from the previously approved \$444,842 of 2019 CEMA costs, resulting in BVES seeking recovery of \$437,842 in incremental costs, plus accrued interest of \$9,808, in this Application.

Tree Removal/Mowbray Tree Services. The 2019 CEMA balance includes \$52,337 for third-party (Mowbray Tree Services) tree removal crews that provided emergency tree and branch removal to facilitate restoration of service and repair of damaged or downed poles and equipment as a result of the 2019 Winter Storm.

As a result of the Settlement Agreement in Bear Valley's last GRC, \$338,793 was included in rates for tree trimming and branch removal. Bear Valley's tree trimming costs in 2019 were over \$1,000,000. Since BVES has incurred in 2019 tree trimming costs that are well over the \$338,793 in 2019 rates for trimming costs, the \$52,337 of emergency tree trimming costs booked into the 2019 CEMA are clearly incremental and eligible for recovery through the CEMA process. There is no double collection of the same costs.

Ancillary Services/Paving and Crane. The 2019 CEMA includes a small amount of costs for emergency construction-type services -- \$1,915 for Bear Valley Paving, and \$1,500 for Action Response Team. These third-party vendors provided emergency construction-type services in support of electric crews repairing damages and restoring service as a result of the 2019 Winter Storm. Construction-type services are normally associated with Bear Valley capital projects, not BVES O&M activities.

It is unlikely that Bear Valley Paving or any other, similar third-party contractors were retained in the 2010-2016 time frame to provide similar construction-type services for any type of BVES O&M activities. Similarly, if any construction-type crane services were required during the 2010-2016 time frame, they would have been associated with BVES capital projects, not BVES O&M activities. Therefore, it is unlikely that BVES 2019 GRC rates for O&M expenses include any amounts for third-party contractor emergency construction services, which results in the \$3,415 ($\$1,915 + \$1,500 = \$3,415$) of costs booked in the 2019 CEMA for Bear Valley Paving and Action Response Team being incremental, with no double recovery of the same costs.

Additional Considerations. The 2019 Winter Storm was severe, with over eight inches of rain coupled with wind gusts of up to 80 mph, making repairs difficult and dangerous. The level of damages and loss of service to BVES customers were a direct result of the severity of the 2019 Winter Storm. The 2019 CEMA costs are not otherwise recoverable via any other mechanism, and no insurance coverage covered the 2019 Winter Storm damages.

The 2019 CEMA costs are substantial and material in amount to BVES. They represent approximately 10% of Bear Valley's annual O&M costs. Granting recovery of the requested amount of 2019 CEMA costs has no direct safety repercussions but does provide BVES and other utilities with the confidence that they will be reimbursed for reasonable costs incurred in promptly restoring service when severe storms occur, which is paramount to the safety of electric customers.

E. Calculation of Accrued Interest.

Advice Letter 361-E authorizes interest on the balance in the 2019 CEMA at a rate equal to one-twelfth of the rate on three-month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor. Using this interest rate, interest accrued through the end of September 2021 on the CEMA 2019 equals \$9,808.

F. Recovery of CEMA Costs through Energy Surcharge

The 2019 CEMA expense costs of \$437,842 (as adjusted above) plus \$9,808 of accrued interest, for a total requested recovery amount of \$447,650, are proposed to be recovered over a twelve-month period via a non-CARE surcharge of \$0.00301/kWh and a CARE surcharge of \$0.00241/kWh, which would be implemented through the filing of a Tier 1 advice letter. Bear Valley requests that the energy surcharge contained in the Tier 1 Advice letter go into effect 30 days from the date it is filed, subject only to the review and confirmation by the Energy Division of the following matters contained in said Tier 1 Advice Letter: 1) the amount in the Advice Letter is the amount of expensed costs in the 2019 CEMA authorized by the Commission to be recovered in BVES energy rates and 2) the appropriateness of the requested energy surcharge rate to recover such costs over a twelve-month period.

The monthly bill impact on a typical non-CARE residential customer using approximately 350 kWh would be an increase of approximately \$1.05 or an approximate increase of 1.49%. For

CARE customers using approximately 350 kWh, the monthly bill impact would be an approximate increase of \$0.84, or an approximate increase of 1.49%.

G. Authority to Transfer Over- or Under-Collections to BRRB Account

The testimony supports Bear Valley's request for authority to transfer any resulting over- or under-collection, as compared to the amount authorized by the Commission to be collected, to Bear Valley's existing Base Revenue Requirement Balancing Account ("BRRB Account") once the amortization period has been completed and all collections under the authorized energy surcharge have been booked. If the request to transfer any resulting over- or under-collected CEMA amounts into the BRRB Account is granted, BVES further requests authority to close out the 2019 CEMA following such transfer.

V. INFORMATION REQUIRED BY THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

A. Statutory and Other Authority (Rule 2.1)

The statutory and other authority for Bear Valley's request includes, but is not limited to, Sections 454.9 of the California Public Utilities Code, Commission Resolution E-3238, Article 2 and Rule 3.2 of the Commission's Rules of Practice and Procedure, and D.21-05-006 among other prior decisions, orders and resolutions of the Commission.

B. Legal Name and Principal Place of Business (Rule 2.1(a))

The applicant's legal name is Bear Valley Electric Service, Inc. It is a corporation duly organized and existing under and by virtue of the laws of the State of California, with its principal place of business located at 42020 Garstin Drive, Big Bear Lake, California, 92315. In D.19-12-039, the Commission authorized Golden State Water Company to implement a corporate reorganization to transfer the electric utility assets and operations of Golden State Water Company's Division of Bear Valley Electric Service to a newly created corporation of Bear Valley Electric Service, Inc. On July 1, 2020, Bear Valley Electric Service, Inc. received the electric assets from Golden State Water Company's Division of Bear Valley Electric Service, and Bear Valley Electric Service, Inc. commenced its operations. The Commission stated in Decision D.19-12-039 that the Certificate of Public Convenience and Necessity held by the Division of Bear Valley Electric Service was transferred to Bear Valley Electric Service, Inc. as part of the Commission's approval of Application 18-12-019 requesting authorization to implement the subject corporate reorganization.

C. Correspondence or Communications (Rule 2.1(b))

Correspondence and communications regarding this Application should be addressed to:

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President, Treasurer and Secretary
Bear Valley Electric Service, Inc.
42020 Garstin Drive
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Phone: 800-808-2837
Facsimile: 909-866-5056
E-mail: Paul.Marconi@bvesinc.com

With a copy to:

Fred Yanney
Yanney Law Office
1300 Bristol Street North, Suite 100
Newport Beach, California 92660
Phone: (562) 926-5050
E-mail: FredYanney@gmail.com

D. Relevant Safety Considerations (Rule 2.1(c))

Rule 2.1(c) was recently amended requiring an applicant to identify relevant safety considerations implicated by an application. In D.21-05-006, the Commission commended Bear Valley on safety, noting that in responding to the 2019 Winter Storm,

Bear Valley prioritized safety. Once the storm struck on February 14, Bear Valley chose to hire several outside contractors, keep crews working around-the-clock and send officials door-to-door when customers could not be reached.¹²

Granting the requested recovery of the 2019 CEMA costs will enhance safety in that Bear Valley and other utilities will be confident that its CEMA costs in promptly restoring all service connections, which are paramount to the safety of Bear Valley's customers, will be authorized by the Commission. The actual grant of recovery, as requested by the Application, has no direct safety repercussions.

E. Categorization, Hearings, and Issues to be Considered (Rule 2.1(c))

1. Proposed Categorization

Consistent with Rules 2.1(c) and 7.1 of the Commission's Rules of Practice and Procedure, GSWC proposes to categorize this Application as a ratesetting proceeding (as defined in Rule 1.3(e)). Granting the relief requested in this Application would "implement changes that would result in increased rates" as discussed in Rule 3.2(a).

2. Issues to be Considered

The issues to be considered in this Application may include the following:

- Are the costs recorded in the 2019 CEMA, as adjusted in the Bear Valley's testimony, incremental to costs for storm damage and service restoration in 2019 GRC rates?
- Are the costs recorded in the 2019 CEMA otherwise recoverable via any other rate mechanism?
- Are the costs of the 2019 Winter Storm covered by insurance?
- Are the costs recorded in the 2019 CEMA a direct result of the severity of the 2019 Winter Storm?

¹² D.21-05-006 at pp. 7-8.

- Is the \$9,808 amount of accrued interest properly calculated and in accordance with Advice Letter 361-E?
- Should the Commission authorize BVES to recover \$437,842 of 2019 CEMA costs, plus \$9,808 of accrued interest, through an energy surcharge for non-CARE customers of \$0.00301/kWh and a CARE surcharge of \$0.00241/kWh for CARE customers over a period of 12 months?
- Should the Commission authorize BVES to adjust the Base Rate Revenue Balancing Account to reflect any over- or under-collection of authorized cost recovery once the authorized amortization period has been completed and all revenues under the authorized surcharge have been collected and booked, and if granted, close the 2019 CEMA following such transfer?

3. Need for Hearings

BVES believes the Application, coupled with the prepared direct testimony, and other supporting documents attached thereto, provide sufficient bases for the Commission to render a decision without the necessity of a hearing. BVES has no information at this time from which it can predict whether this Application will be protested.

If the Commission determines that hearings will be necessary, BVES has proposed a schedule below. In addition, BVES respectfully requests that the matter be set for a Prehearing Conference as soon as possible, at which time evidentiary hearings may be scheduled, if necessary.

4. Procedural Schedule

As required by Rule 2.1(c), an approximate schedule is set forth below:

Application filed and Notice of Application appears in Daily Calendar	October 22, 2021 (Day 0)
Protests/Responses Due	November 22, 2021 (Day 31)
Reply to Protests/Responses	December 2, 2021 (Day 41)
Prehearing Conf/Scoping Memo	December 8, 2021 (Day 47)
Intervener Testimony	January 14, 2022 (Day 84)
Rebuttal Testimony	February 4, 2022 (Day 105)

Formal Settlement Negotiations	February 11, 2022 (Day 112)
Hearings (if necessary)	February 23, 2022 (Day 124)
Opening Briefs (if necessary)	March 8, 2022 (Day 137)
Reply Briefs (if necessary)	March 16, 2022 (Day 145)
Proposed Decision	May 2, 2022 (Day 192)
Comments on Proposed Decision	May 23, 2022 (Day 214)
Replies to Comments on Proposed Decision	May 31, 2022 (Day 222)
Expected Commission Meeting/Decision	June 30, 2022 (Day 252)

5. Articles of Incorporation (Rule 2.2)

In compliance with Rule 2.2, a copy of Bear Valley's Articles of Incorporation, certified by the California Secretary of State on December 12, 2018, was filed with the Commission in connection with Bear Valley's Application 18-12-019, and is by reference made a part hereof.

6. Balance Sheet and Income Statement (Rule 2.3(h))

In compliance with rule 2.3(h), Appendix A to this Application contains copies of Bear Valley's most recent available balance sheet and income statement.

7. Statement of Presently Effective and Proposed Rates (Rules 3.2(a)(2) and 3.2(a)(3)).

This Application seeks authorization to impose an energy surcharge for non-CARE customers of \$0.00301/kWh and a CARE surcharge of \$0.00241/kWh over a proposed twelve-month period. The monthly bill impact on a non-CARE residential customer using approximately 350 kWh would be an increase of approximately \$1.05 or an approximate increase of 1.49%. For CARE customers using approximately 350 kWh, the monthly bill impact would be an approximate increase of \$0.84, or an approximate increase of 1.49%. If Bear Valley's requests are granted, the percentage of increase in overall BVES revenues will be less than one percent.

Bear Valley's current rates and charges for electric service are in its electric tariffs and schedules on file with the Commission. These tariffs and schedules are filed with and made effective by the Commission in its decisions, orders, resolutions and approvals of advice letter filings pursuant to Commission Order 96-B.

8. Statement Pursuant to Rule 3.2(a)(10).

Rule 3.2(a)(10) requires the applicant to state whether its request is limited to passing through to customers “only increased costs to the corporation for the services or commodities furnished by it.” In this Application, Bear Valley’s seeks to pass through to its customers only increased costs to Bear Valley as a result of incremental costs from the 2019 Winter Storm, as well as any associated financing costs.

9. Service of Notice (Rule 3.2(b), (c) and (d)).

As required by California Public Utilities Codes Section 454, a notice stating in general terms the proposed change will be provided to customers in their monthly bills. BVES has provided a draft of its proposed customer notice with the Commission’s Public Advisor.

As required by Rule 3.2(b), a notice stating in general terms the proposed rate change will be mailed to the designated officials of the State of California, and the cities and county affected by the rate increase proposed in this Application as listed in Appendix B hereto.

Pursuant to Rule 3.2(c), notice will be published in a newspaper of general circulation in Bear Valley’s service territory.

Finally, pursuant to Rule 3.2(d), notice will be mailed to customers affected by the potential rate changes proposed in this Application.

10. Index of Exhibits and Appendices to This Application.

Bear Valley’s submissions in support of this Application including the following, which are incorporated by reference:

Appendices to Application

Appendix A: Balance Sheet and Income Statement

Appendix B; List of Cities and Counties

Exhibits to Application

Exhibit BVES-01: Bear Valley Electric Service, Inc. Direct Testimony, Catastrophic Event Memorandum Account.

11. Service List

The official service list has not yet been established in this proceeding. BVES is serving this Application and its supporting testimony on the service list for the Prior CEMA Application (A.20-04-001).

F. Summary of BVES Requests

A summary of Bear Valley's requests is set forth below. Bear Valley requests that the Commission issue a decision that grants the following:

- The \$437,842 of costs booked into the 2019 CEMA are incremental and recoverable through an energy surcharge;
- The \$9,808 of accrued interest has been properly calculated in accordance with Advice Letter 361-E and is recoverable through an energy surcharge;
- The total amount of \$447,650, which includes accrued interest, is authorized to be recovered through an energy surcharge for non-CARE customers of \$0.00301/kWh and a CARE surcharge of \$0.00241/kWh for CARE customers over a twelve-month period;
- BVES is authorized to transfer any over- or under-collection of authorized amounts of cost recovery into the Base Revenue Requirement Balancing Account once the authorized amortization period has been completed and all revenues under the authorized surcharge have been collected and booked, and the 2019 CEMA may be closed thereafter; and
- BVES shall implement the authorized surcharge via a Tier 1 advice letter filed with the Energy Division within 30 days of a decision approving a surcharge as a result of this Application.

Dated at Big Bear Lake, California: October 22, 2021

Respectfully submitted,

Paul Marconi
President, Treasurer and Secretary
Bear Valley Electric Service, Inc.

/s/ Paul Marconi

Paul Marconi

VERIFICATION

I, Paul Marconi, declare and state as follows:

I am President, Treasurer and Secretary of Bear Valley Electric Service, Inc. Pursuant to Rule 2.1 and Rule 1.11 of the Commission's Rules of Practice and Procedure, I am authorized to make this Verification on behalf of Bear Valley Electric Service, Inc. I am informed and believe that the matters stated in the foregoing Application are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 22 day of October, 2021, at Big Bear Lake, California.

A handwritten signature in blue ink, appearing to read "P. Marconi", is written over a horizontal line.

Paul Marconi
President, Treasurer and Secretary
Bear Valley Electric Service, Inc.

APPENDIX A

**BEAR VALLEY ELECTRIC SERVICE, INC.
BALANCE SHEET
AND
INCOME STATEMENT**

BEAR VALLEY ELECTRIC SERVICE, INC.

BALANCE SHEET

	December 31, 2020	July 1, 2020		December 31, 2020	July 1, 2020
	(in thousands)			(in thousands)	
Assets			Capitalization and Liabilities		
Utility Plant, at cost			Capitalization		
Electric.....	\$ 112,507	\$ 109,348	Common shareholder's equity.....	\$ 62,823	\$ 71,344
	112,507	109,348	Long-term debt.....	-	-
Less - Accumulated depreciation.....	(51,711)	(50,399)	Total capitalization	62,823	71,344
	60,796	58,949			
Construction work in progress.....	28,512	21,393			
Net utility plant	89,308	80,342			
Other Property and Investments			Current Liabilities		
Other Investments.....	9	-	Notes payable to banks.....	-	-
Total other property and investments	9	-	Long-term debt - current.....	-	-
			Accounts payable.....	4,485	3,869
			Dividends payable.....	-	-
			Intercompany payable.....	142	-
			Income taxes payable to Parent.....	299	-
			Accrued employee expenses.....	559	261
			Accrued interest.....	5	-
			Derivative.....	1,537	3,827
			Deferred income taxes - current.....	-	-
			Other.....	863	763
			Total current liabilities	7,890	8,720
Current Assets			Other Credits		
Cash and cash equivalents.....	367	20	Notes payable to banks.....	20,200	-
Accounts receivable - customers (less allowance for doubtful accounts of \$356 as of 12/31 and \$73 as of 7/1 in 2020).....	2,242	1,410	Advances for construction.....	20	20
			Contributions in aid of construction.....	1641	1,662
Other accounts receivable - customers (less allowance for doubtful accounts of \$0 in 2020).....	17	-	Deferred income taxes	9,170	7,988
Unbilled revenue.....	1,527	999	Unamortized investment tax credits.....	-	-
Materials and supplies, at average cost.....	3,237	3,427	Regulatory liabilities.....	-	-
Regulatory assets - current.....	1,763	1,064	Accrued pension and other postretirement benefits.....	69	-
Prepayments and other current assets.....	832	664	Other.....	134	125
Deferred income taxes - current.....	-	-	Total other credits	31,234	9,795
Total current assets	9,985	7,584			
Regulatory and Other Assets			Total Capitalization and Liabilities	\$ 101,947	\$ 89,859
Unamortized debt expense and redemption premium.....	235	-			
Regulatory assets.....	2,403	1,933			
Other.....	7	-			
Total deferred charges	2,645	1,933			
Total Assets	\$ 101,947	\$ 89,859			

STATEMENT OF INCOME FOR ELECTRIC SEGMENT
MONTH ENDED AND YEAR TO DATE
December 31, 2020 and 2019

	THIS MONTH		Increase (Decrease)	Percent Change	YEAR TO DATE		Increase (Decrease)	Percent Change	TWELVE MONTHS ENDED		Increase (Decrease)	Percent Change
	December, 2020	December, 2019			December, 2020	December, 2019			December, 2020	December, 2019		
Operating Revenues												
Electric	\$ 4,203,389	\$ 3,830,766	\$ 372,623	9.73%	\$ 36,338,050	\$ 39,138,137	\$ (2,800,087)	-7.15%	\$ 36,338,050	\$ 39,138,137	\$ (2,800,087)	-7.15%
Total operating revenues	4,203,389	3,830,766	372,623	9.73%	36,338,050	39,138,137	(2,800,087)	-7.15%	36,338,050	39,138,137	(2,800,087)	-7.15%
Supply Costs												
Supply cost balancing accounts	(338,384)	(394,048)	55,664	-14.13%	256,582	1,127,361	(870,779)	-77.24%	256,582	1,127,361	(870,779)	-77.24%
Purchased power for resale	1,571,490	1,435,023	136,467	9.51%	10,423,263	11,796,471	(1,373,209)	-11.64%	10,423,263	11,796,471	(1,373,209)	-11.64%
Total supply costs	1,233,106	1,040,975	192,131	18.46%	10,679,844	12,923,832	(2,243,988)	-17.36%	10,679,844	12,923,832	(2,243,988)	-17.36%
Revenues Less Supply Costs	2,970,283	2,789,791	180,492	6.47%	25,658,206	26,214,305	(556,099)	-2.12%	25,658,206	26,214,305	(556,099)	-2.12%
Other Operating Expenses												
Other operation expenses	322,020	275,720	46,300	16.79%	2,705,481	2,672,029	33,452	1.25%	2,705,481	2,672,029	33,452	1.25%
Maintenance expenses	50,865	162,337	(111,472)	-68.67%	778,456	916,846	(138,390)	-15.09%	778,456	916,846	(138,390)	-15.09%
Administrative and general expenses	449,754	513,311	(63,558)	-12.38%	8,041,602	7,776,936	264,666	3.40%	8,041,602	7,776,936	264,666	3.40%
Depreciation and amortization	212,683	210,893	1,790	0.85%	2,477,838	2,485,424	(7,585)	-0.31%	2,477,838	2,485,424	(7,585)	-0.31%
Property and other taxes	114,963	116,608	(1,645)	-1.41%	1,232,383	1,133,551	98,832	8.72%	1,232,383	1,133,551	98,832	8.72%
Total other operating expenses	1,150,285	1,278,870	(128,585)	-10.05%	15,235,760	14,984,786	250,974	1.67%	15,235,760	14,984,786	250,974	1.67%
Operating Income	1,819,998	1,510,921	309,077	20.46%	10,422,446	11,229,519	(807,074)	-7.19%	10,422,446	11,229,519	(807,074)	-7.19%
State income taxes									847,754	874,219	(26,465)	-3.03%
Federal income taxes									1,879,141	2,091,043	(211,902)	-10.13%
Total income taxes	503,614	504,200	(586)	-0.12%	2,726,895	2,965,262	(238,367)	-8.04%	2,726,895	2,965,262	(238,367)	-8.04%
Income Before Interest Charges	1,316,384	1,006,722	309,662	30.76%	7,695,551	8,264,258	(568,707)	-6.88%	7,695,551	8,264,258	(568,707)	-6.88%
Interest expenses (income)	(24,705)	84,378	(109,083)	-129.28%	454,472	1,228,263	(773,791)	-63.00%	454,472	1,228,263	(773,791)	-63.00%
Non-regulatory income (loss):												
Other	1,831	(1,125)	2,956	-262.68%	317	(10,625)	10,942	-102.98%	37,721	83,235	(45,515)	-54.68%
Income taxes on non-regulatory items	(760)	213	(974)	-456.53%	37,721	83,235	(45,515)	-54.68%	317	(10,625)	10,942	-102.98%
Total non-regulatory income(loss)	1,070	(912)	1,982	-217.35%	38,037	72,610	(34,572)	-47.61%	38,037	72,610	(34,572)	-47.61%
Net Income(loss)	\$ 1,342,160	\$ 921,431	\$ 420,728	45.66%	\$ 7,279,116	\$ 7,108,604	\$ 170,512	2.40%	\$ 7,279,116	\$ 7,108,604	\$ 170,512	2.40%

APPENDIX B

LIST OF CITIES AND COUNTIES AFFECTED BY POTENTIAL RATE INCREASE PROPOSED IN APPLICATION

Big Bear City Community Services Dist
P.O. Box 558
Big Bear City, CA 92314

City Clerk
City of Big Bear Lake
39707 Big Bear Blvd.
P.O. Box 10000
Big Bear Lake, CA 92315

City Attorney
City of Big Bear Lake
P.O. Box 10000
Big Bear Lake, CA 92315

County Clerk
County of San Bernardino
222 West Hospitality Lane
San Bernardino, CA 92415

County Counsel/District Attorney
County of San Bernardino
385 N. Arrowhead Ave., 4th Floor
San Bernardino, CA 92415-0120

California Attorney General
Office of the Attorney General
State of California
300 South Spring Street
Los Angeles, CA 90013

California Dept. of General Services
707 3rd Street
West Sacramento, CA 95605

California Secretary of State
1500 11th Street
Sacramento, CA 95814